OPENING STATEMENT

of

SENATOR CHUCK GRASSLEY

Chairman, Senate Special Committee on Aging

TORN BETWEEN TWO SYSTEMS:

IMPROVING CHRONIC CARE IN MEDICARE AND MEDICAID

APRIL 29, 1997

Good morning ladies and gentlemen. The Senate Special Committee on Aging will come to order. I appreciate all of you being here today to discuss the potential for improving chronic care for elderly Americans. I am especially grateful to our distinguished panel of witnesses --many of whom have traveled a great distance to be here this morning.

Today's witnesses -and most of the people in the hearing room today -are here because they are concerned about our country's health care system.

I'd like to add a special thanks to those here today who have come because they are caring for an individual with Alzheimer's Disease. Today's hearing will explore the barriers in the health care system that stand in the way of most efficiently serving persons with chronic conditions. Individuals and family members coping with Alzheimer's Disease can experience additional hardships due to the fragmentation in the system, particularly in the Medicare and Medicaid programs.

We hope to identify these particular barriers so that we can work at appropriate corrective measures.

For many years, Alzheimer's family groups have educated members of Congress about important health care issues, and about important advancements in medical research. And, I appreciate the attendance and participation of those here today.

For millions of elderly Americans, quality of health care is one of the most important things in their lives. They depend on Medicare and Medicaid for health care coverage. For this reason, we must work to preserve and improve these programs.

Today's hearing will examine Medicare and Medicaid. We will hear from experts who will discuss challenges in administering services to elderly people with chronic conditions who are eligible for both Medicare and Medicaid.

A discussion about this group of elderly Americans has several layers.

First, we know that elderly persons who are dually eligible for Medicare and Medicaid have poorer health than Medicare-only beneficiaries. They often have chronic conditions, such as Alzheimer's

Disease, diabetes, cancer, arthritis, mental illness, and chronic heart conditions.

These health conditions require special attention. It takes the coordination of the individual, families, doctors, nurses and other health experts to cope with these conditions. Fortunately, advances in medicine have provided many ways of managing these conditions.

Yet, it is too often the case that elderly Americans with chronic conditions do not receive the appropriate medical and social services they desperately need.

Without proper care, chronic conditions can quickly worsen. In such instances, the results can be very costly. What seems like a minor health care problem can turn into a major problem. This results in ongoing trips to the doctor or hospital.

Today you will hear from one witness about how a minor fall precipitated a series of events well beyond that which was expected. Before being hospitalized due to a fall, this individual was living independently at home with her husband of 51 years. Seven months later, after 16 moves and $126,000 in Medicare costs, this same individual is now living in a nursing home. Her dementia has advanced significantly and she does not always recognize her family.

Not only can fragmented care lead to the decline in an individual's well-being, but it can mean skyrocketing costs to an individual or family. Today, average nursing home care can cost $40,000 per year. Home health care can range from $50 to $200 per day. When paid by an individual, such health care expenses can quickly exhaust a lifetime of personal and family savings. And, when paid by Medicare and Medicaid, program costs reach into the billions.

This matter of costs is important to address and we will talk more about costs to the individual and also to the Medicare and Medicaid programs. If you look at the two charts in front of me, you will see on the first chart that the dual eligible population accounts for approximately 30% of spending in both Medicare and Medicaid. The second chart shows that on average, dual eligibles have higher Medicare expenditures, especially with respect to home health and skilled nursing facility services.

We are here today to recognize the special care needed for seniors with chronic conditions. We're going to look at ways the health care system can better serve individuals with chronic conditions and become more efficient so that we can save health care dollars.

Before we hear from the witnesses, I'd like to share a story with you about an Iowan. To me, this is a success story. And, it makes a point about what we are here to talk about today. That is, working to improve health care for seniors so that they have access to services that keep them healthy. Reaching this goal is an ongoing mission for health professionals. And, it should be an ongoing mission for policy makers as well.

This success story is about a 77-year old woman from Waterloo, Iowa -which is near my home. She has been diagnosed with multiple health conditions, including mental illness, arthritis, cataracts, and vascular disease. This is an awful lot for one person to manage alone.

Being over age 65, she is eligible for Medicare. She is also eligible for Medicaid. In Iowa, we have a Medicaid waiver for frail elderly seniors. Under this program, she was assigned a case-manager, who made it possible for this woman to stay at home and receive the care she needs.

First, under Medicaid, she was assigned a prescription card that allows her to take her medications

consistently. This is vital to her well-being due to her mental illness and vascular disease. Under Medicare-only, there is no assistance with medications.

Now, she also receives home delivered meals, nursing visits twice a week and personal care assistance. She has been assigned a Senior Companion who helps her with money management and mental health counseling.

By looking to community supports, the case manager also assisted in acquiring a furnace through the community action agency (CDBG), energy assistance, a property tax credit, and transportation provided by church members.

Even with all these services, the costs are lower than if she were living in a nursing home, where she could also receive good care. Most of all, she is able to keep living at home and going to church, which is important to her. To me, this is a real success story, and much of the credit is due to her caseworker, who is here today.